

RECIPIENT NAME:ONWAV INC.

AWARD NUMBER: NT10BIX5570080

DATE: 11/28/2011

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

### QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

#### General Information

<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570080	<b>3. DUNS Number</b>  800782943
<b>4. Recipient Organization</b>  ONWAV INC. 4100 Plantation Drive, Cookeville, TN 38506-3011		
<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  09-30-2011	<b>6. Is this the last Report of the Award Period?</b>  <input type="radio"/> Yes <input checked="" type="radio"/> No	
<b>7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.</b>		
<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Michael Powell	<b>7c. Telephone (area code, number and extension)</b>  9315447224	
	<b>7d. Email Address</b>  Mpowell@onwav.com	
<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  11-28-2011	

**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**

- OnWav arranged to secure control of dark fiber connecting each of its network of sites. This match will provide OnWav with an opportunity to provide higher speed middle mile backhaul on a more reliable and robust network thanks to the ring network formed by the fiber to be purchased.
- As a result of the new fiber match, OnWav was able to take the opportunity to redistribute the funding its budget to more accurately reflect costs being experienced. This budget change has been approved by BTOP
- The change in Backhaul technology from microwave to fiber will allow OnWav to deploy a far more robust network with greater capacity and will be simpler to upgrade in the future as network demands continue to increase and technology options continue to progress.
- OnWav has taken the first step in acquiring the land necessary to construct the three new towers in its network. By securing this land OnWav has ensured it will have access to prime location to construct and deploy its network from as well as providing valuable middle-mile infrastructure to be used by other providers.
- All of these solutions have been made possible by an impending change in ownership in OnWav. The new owner is able to provide the necessary capital in the form of fiber In-Kind match contributions to allow OnWav's project to continue.

**2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).**

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	6	Due to the delay in receipt of a FONSI, and approvals necessary to reorganize OnWav's new budget and new matching contribution plans, as well as delays as a result of the impending change in ownership, OnWav had to postpone further deployment. OnWav is preparing to issue multiple RFPs at the beginning of the next quarter. Additionally, by the end of the year, OnWav will finalize an initial IRU, formally securing an initial match contribution and providing a major step forward in this project, but it is expected to take multiple quarters to catch up.
2b.	Environmental Assessment	100	No Variance from Baseline
2c.	Network Design	0	OnWav has begun initial analysis of the Final Network design. However, finalization was not completed because it is dependent on both vendor selection as well as plans and benefits of working with the 3rd party who will be providing matching support. In order to get back on track OnWav made modifications to the technology used in its network to take advantage of match opportunities from a new partner. OnWav will issue an RFP for RF Engineering at the beginning of the next quarter to assist in finalizing the network design. OnWav believes that it will be caught up at the end of the year, or early in the first quarter of 2012.
2d.	Rights of Way	0	No Variance from Baseline
2e.	Construction Permits and Other Approvals	0	Due to the delay in receipt of a FONSI, OnWav was not been able to begin expending funds related to components of the deployment which have the FONSI as a prerequisite. Further progress was delayed due to the impending change in ownership of OnWav. OnWav has revised its plans to take advantage of new relationship with the future owner who will provide matching support in the form of dark fiber. Much of this fiber is already existing, as such there will be minimal change in necessary permits and other approvals, however it is expected to take multiple quarters to catch up to OnWav's Baseline
2f.	Site Preparation	0	No Variance from Baseline
2g.	Equipment Procurement	0	No Variance from Baseline
2h.	Network Build (all components - owned, leased, IRU, etc)	0	No Variance from Baseline
2i.	Equipment Deployment	0	No Variance from Baseline

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2j.	Network Testing	0	No Variance from Baseline
2k.	Other (please specify): BSS-OSS	0	<p>OnWav's plans for BSS and OSS systems have been temporarily put on hold pending the 3rd party match support and pending change in ownership. OnWav hopes to have this resolved by the end of 2011 if not sooner.</p> <p>OnWav's new match partner and pending owner, which will be finalized in Q4 2011, will be providing these services and thus OnWav will be able to catch up very quickly in this category by utilizing their system.</p>

**3. To the extent not covered above, please describe any challenges or issues faced during this past quarter in achieving planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).**

Due to the delay in receipt of a FONSI, and approvals necessary to reorganize OnWav's new budget and new matching contribution plans, OnWav had to postpone further deployment. OnWav has prepared plans for expenditure to ensure that the project can be accelerated once the matching source is finalized, but it is expected to take multiple quarters to catch up.

**4. Please report the following information regarding network build progress. Write "0" in the Total column and "N/A" in the Narrative column if your project does not include this activity. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).**

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	0	No Variance from Baseline
New network miles leased	0	No Variance from Baseline
Existing network miles upgraded	0	No Variance from Baseline
Existing network miles leased	0	No Variance from Baseline
Number of miles of new fiber (aerial or underground)	0	No Variance from Baseline
Number of new wireless links	0	No Variance from Baseline
Number of new towers	0	No Variance from Baseline
Number of new and/or upgraded interconnection points	0	No Variance from Baseline

**For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your sub recipient, contractor or subcontractor is negotiating or entered into.**

**5a. If applicable, please provide the following information with regard to agreements with broadband wholesalers and/or last mile providers as a result of your project.**

Indicators	
Number of signed agreements with broadband wholesalers or last mile providers	0
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	3
Average term of signed agreements (in quarters)	0

**5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:**  
 OnWav is still in negotiation with wholesalers as well as last mile providers for interconnection.

**5c. What wholesale services are being provided by this project? Please describe below. As an attachment to this report, please provide pricing plans (in \$ per month) associated with each wholesale service provided by your product (100 words or less). Wholesale services description:**  
 OnWav is still in the process of deploying the network, as a result, OnWav does not yet have any products available.

**5d. If you have designated a third party to operate all or a portion of your network, please provide the name and contact information for this third party, indicate if this entity is a sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this this third party operates (600 words or less).**  
 OnWav has not designated a third party to operate any of its network. OnWav will operate and manage the entire network internally.

**6. Please provide the data according to the type of subscriber. Write "0" in the Total column and "N/A" in the Narrative column if your project does not pass or serve a particular subscriber type. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (300 words or less).**

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Broadband Wholesalers or Last Mile Providers	Providers with signed agreements receiving new access	0	OnWav is still in the negotiation stage for contracts relating to Broadband Wholesalers or Last Mile Providers
	Providers with signed agreements receiving improved access	0	OnWav is still in the negotiation stage for contracts relating to Broadband Wholesalers or Last Mile Providers
	Providers with signed agreements receiving access to dark fiber	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	OnWav is still in the negotiation stage for contracts relating to Broadband Wholesalers or Last Mile Providers
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	OnWav's network is not yet complete with construction, as a result subscribers will not be added until future quarters
	Subscribers receiving new access	0	OnWav's network is not yet complete with construction, as a result subscribers will not be added until future quarters
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number or subscribers for each	0	OnWav's network is not yet complete with construction, as a result subscribers will not be added until future quarters
Residential / Households	Entities passed	0	OnWav's network is not yet complete with construction, as a result no households have yet been passed, but this will increase in future quarters
	Total subscribers served	0	OnWav's network is not yet complete with construction, as a result no households have yet been passed, but this will increase in future quarters
	Subscribers receiving new access	0	OnWav's network is not yet complete with construction, as a result no households have yet been passed, but this will increase in future quarters
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	OnWav's network is not yet complete with construction, as a result no households have yet been passed, but this will increase in future quarters
Businesses	Entities passed	0	OnWav's network is not yet complete with construction, as a result no businesses have yet been passed, but this will increase in future quarters
	Total subscribers served	0	OnWav's network is not yet complete with construction, as a result no businesses have yet been passed, but this will increase in future quarters

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving new access	0	OnWav's network is not yet complete with construction, as a result no businesses have yet been passed, but this will increase in future quarters
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	OnWav's network is not yet complete with construction, as a result no businesses have yet been passed, but this will increase in future quarters

**7. Please describe any special offerings you may provide (600 words or less).**  
OnWav is still in the process of deploying the network, as a result, OnWav does not yet have any products available.

**8a. Have your network management practices changed over the last quarter?**     Yes     No

**8b. If so, please describe the changes (300 words or less).**  
OnWav has not made any changes to its network management practices over the last quarter.

**9. Community Anchor Institutions:**  
Using the table below, please provide a list by service area of the community anchor institutions (including Government institutions) connected to your network as a result of BTOP funds. Figures should be reported for the most recent reporting quarter only (NOT cumulatively). Also indicate whether your organization is currently providing broadband service to the anchor institution. Finally, provide a short narrative description with examples of how institutions are using BTOP-funded infrastructure (300 words or less).

Institution Name	Service Area (town or county)	Type of Anchor Institution (as defined in your baseline)	Are you also the broadband service provider for this institution? (Yes / No)	Narrative description of how anchor institutions are using BTOP-funded infrastructure
N/A	N/A	N/A	N/A	N/A

**Project Indicators (Next Quarter)**

**1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).**

- OnWav is expecting to complete the necessary partnership and change in ownership with a 3rd party that will provide all the necessary match contribution to support OnWav's deployment plan. As soon as this is complete, OnWav will begin work on finalizing the land acquisition necessary for the three new towers, as well as finalize and begin deploying the newly redesigned backhaul network.
- IRUs (Irrevocable Right of Use) will be put in place to ensure OnWav's access to necessary backhaul fiber. This will provide the fiber match portion for OnWav's deployment, as well as begin the deployment of fiber backhaul miles. These IRUs represent over 200 miles of fiber for the project as a whole. Of this, approximately 5-10 miles will be new construction (final engineering is still pending). This will also represent an agreement OnWav's first broadband wholesaler.
- Additional environmental review will be necessary to accommodate the new fiber. However, OnWav is working on methods of deploying the new fiber in such a way as to minimize the environmental impact as well as limiting the amount of additional review needed (and potential delays that might cause).
- OnWav will release RFPs (Requests for Proposal) to cover RF Engineering, Tower Construction and Equipment supply services.
- OnWav anticipates choosing a tower construction vendor and beginning work on newly purchased land immediately.
- OnWav does not expect to serve any CAIs in the next quarter; initial CAI service will come in a later quarter.

**2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Planned Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the next reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).**

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	53	OnWav plans to have completed the entire matching contribution, as well as begun funding many of the more expensive components of its network deployment.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2b.	Environmental Assessment	100	No Deviation from the Baseline
2c.	Network Design	100	OnWav anticipates having hired an RF Engineering firm which will have completed work finalizing OnWav's network design based on a newly chosen equipment vendor.
2d.	Rights of Way	100	OnWav anticipates having completed all necessary leasing and land acquisition related to the new towers and collocation sites.
2e.	Construction Permits and Other Approvals	50	OnWav anticipates making substantial progress on this category. However, many of the necessary steps may required extensive time durations, and so OnWav will be working to catch up, but may not be successful. This work has been delayed by the process of getting the initial FONSI as well as the delays resulting from the pending change in ownership
2f.	Site Preparation	10	OnWav anticipates beginning work on new tower construction, however only a small portion of the total cost of the tower construction is expected to be paid upfront. There will be substantial opportunity for OnWav to exceed this goal and OnWav will take advantage of that if possible.
2g.	Equipment Procurement	25	OnWav anticipates choosing an Equipment vendor and making an initial order. While most equipment will not arrive before the end of the next quarter, OnWav anticipates accepting delivery of some equipment immediately, and placing deposits on other orders.
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	OnWav anticipates completing acquisition of 100% of IRUs planned for in the network.
2i.	Equipment Deployment	0	No deviation from the baseline next quarter. OnWav may be able to deploy a very small portion of equipment next quarter, however the majority will not be available for deployment until next year. Some of the delay in getting the 3rd party match funding has propagated to delay this milestone, but OnWav is has made efforts to minimize that effect.
2j.	Network Testing	0	No Deviation from the Baseline
2k.	Other (please specify): BSS-OSS	100	OnWav's plans for BSS and OSS systems were temporarily put on hold pending the 3rd party match support and the pending change in ownership. OnWav has a plan which will not only bring progress on this category back to schedule, but complete it early. OnWav hopes to have this resolved by the end of the next quarter.

**3. Please describe any challenges or issues anticipated during the next quarter that may impact planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).**

One of the major challenges facing OnWav will be finalizing the 3rd party partnership and completing the change in ownership. While there is no doubt of a satisfactory conclusion, timing may cause delays to other stages of the project. If the change in ownership, and subsequent merging of activities, takes longer than expected, the delays may result in some categories above being pushed back into the first quarter of 2012.

Because of the technology change, OnWav will need to proceed with further environmental analysis. OnWav will gather information immediately in order to be able to minimize the review time necessary for the additional work. OnWav is also working closely with an environmental firm and regularly reviewing plans to minimize the environmental impact and corresponding approvals necessary. However, the time risk exists and cannot be mitigated entirely.

With help from OnWav's new match partner and pending owner, OnWav will be able to make significant and measurable progress in Q4 2011 and Q1 2012.

**Infrastructure Budget Execution Details**

**Activity Based Expenditures (Infrastructure)**

1. Please provide details below on your total budget, cumulative actual expenditures (for the period ending the current quarter), and cumulative anticipated expenditures (for the period ending next quarter) for each line item, including detailed disbursements of both matching funds and federal funds from project inception through end of this quarter (actual) or next quarter (anticipated). Actual and anticipated figures should be reported cumulatively from award inception to the end of the applicable reporting quarter.

Budget for Entire Project				Actuals from Project Inception through End of Current Reporting Period			Anticipated Actuals from Project Inception through End of Next Reporting Period		
Cost Classification	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total Cost	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Administrative and legal expenses	\$1,145,000	\$0	\$1,145,000	\$340,570	\$0	\$340,570	\$468,070	\$0	\$468,070
b. Land, structures, right-of-ways, appraisals, etc.	\$1,054,911	\$0	\$1,054,911	\$2,500	\$0	\$2,500	\$487,500	\$0	\$487,500
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$124,440	\$0	\$124,440	\$17,575	\$0	\$17,575	\$36,838	\$0	\$36,838
e. Other architectural and engineering fees	\$30,417	\$0	\$30,417	\$0	\$0	\$0	\$30,417	\$0	\$30,417
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$7,500	\$0	\$7,500	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$150,000	\$0	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0
j. Equipment	\$3,406,069	\$1,317,548	\$2,088,521	\$0	\$0	\$0	\$2,352,018	\$1,419,203	\$932,815
k. Miscellaneous	\$583,658	\$0	\$583,658	\$0	\$0	\$0	\$82,112	\$0	\$82,112
<b>l. SUBTOTAL (add a through k)</b>	<b>\$6,501,995</b>	<b>\$1,317,548</b>	<b>\$5,184,447</b>	<b>\$360,645</b>	<b>\$0</b>	<b>\$360,645</b>	<b>\$3,456,955</b>	<b>\$1,419,203</b>	<b>\$2,037,752</b>
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	<b>\$6,501,995</b>	<b>\$1,317,548</b>	<b>\$5,184,447</b>	<b>\$360,645</b>	<b>\$0</b>	<b>\$360,645</b>	<b>\$3,456,955</b>	<b>\$1,419,203</b>	<b>\$2,037,752</b>

2. Program Income: Please provide the program income you listed in your application budget and actuals to date through the end of the reporting period.

a. Application Budget Program Income: \$0	b. Program Income to Date: \$0
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